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BEFORE THE ARIZONA CORPORATION COMMISSION

COMPANY COMMISSIONERS

2007 JUN -6 P 1:54

Arizona Corporation Commission

DOCKETED

JUN -6 2007

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF  
WATCO, INC. FOR APPROVAL OF  
FINANCING.

DOCKET NO. W-20475A-06-0357

IN THE MATTER OF THE APPLICATION OF  
WATCO, INC. FOR APPROVAL OF A  
PERMANENT RATE INCREASE.

DOCKET NO. W-20475A-06-0550

PROCEDURAL ORDER

**BY THE COMMISSION:**

On May 30, 2006, Watco, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application requesting Commission approval of a financing application.

On August 31, 2006, the Company filed with the Commission an application for a permanent increase in its water rates and charges.

Additionally, on August 31, 2006, Silverwell Service Company ("SSC") and the Company filed with the Commission an application for the approval of the sale of SSC's assets and transfer of SSC's Certificate of Convenience and Necessity ("Certificate") to the Company.<sup>1</sup>

On November 13, 2006, the Company filed a Motion to Consolidate ("Motion") its rate, financing, and the sale and transfer proceedings. At that time, in its Motion, the Company agreed to the suspension of the timeclock rules applicable to the rate proceeding to allow sufficient time for the Commission's Utilities Division ("Staff") to evaluate the various applications.

On November 22, 2006, Staff filed its response to the Company's Motion.

<sup>1</sup> See Decision No. 69391 (March 22, 2007) in which the Commission approved the application of SSC and the Company for the sale of SSC's assets and transfer of its Certificate to the Company. This Decision describes the manner in which Mr. Mark Grapp personally acquired the assets of SSC in 1996, continued utility operations and ultimately transferred the assets to the Company, which is an Arizona corporation in good standing and is owned by Mr. Grapp. As a result of Decision No. 69391, SSC's docket number of W-01979A was extinguished and the utility now operates under Docket No. W-20475A which is assigned to the Company. Therefore, the docket number originally assigned to the Company in its financing application of W-01979A-06-0357 has been changed to W-20475A-06-0357 as it appears above.

1 On November 30, 2006, the Commission issued a Procedural Order which consolidated the  
2 financing application and the rate application into one proceeding. The sale and transfer proceeding  
3 was not consolidated and resulted in Decision No. 69391.

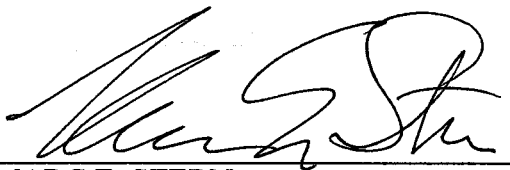
4 Accordingly, the Commission's Docket Control and the parties should note that the above-  
5 captioned proceedings will proceed under the respective docket numbers appearing above as follows:  
6 for the financing application, Docket No. W-20457A-06-0357 and for the rate application, Docket  
7 No. W-20475A-06-0550. With respect to the rate application, the timeframe should remain  
8 suspended.

9 IT IS THEREFORE ORDERED that the Commission's Docket Control and the parties shall  
10 note that the above-captioned proceedings shall now be processed under Docket No. W-20475A-06-  
11 0357 for the financing application and Docket No. W-20475A-06-0550 for the rate application.

12 IT IS FURTHER ORDERED that the timeframe with respect to the rate application shall  
13 remain suspended until further Order.

14 IT IS FURTHER ORDERED that the presiding Administrative Law Judge may rescind, alter,  
15 amend, or waive any portion of this Procedural Order either by subsequent procedural order or by  
16 ruling by hearing.

17 DATED this 6<sup>TH</sup> day of June, 2007.

  
MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

21 Copies of the foregoing mailed/delivered  
this 6<sup>th</sup> day of June, 2007 to:

22 Mark Grapp  
23 WATCO, INC.  
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By:   
Debra Broyles  
Secretary to Marc E. Stern